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C O N F I D E N T I A L SECTION 01 OF 04 BAGHDAD 000306

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SUBJECT: VPOTUS DISCUSSES KURDISH ISSUES, THE IRAQI BUDGET,
AND DE-BA'ATHIFICATION WITH CABINET MINISTERS

REF: A) BAGHDAD 153 AND PREVIOUS B) BAGHDAD 87 C) 09
BAGHDAD 2731

Classified By: Ambassador Christopher R. Hill for reasons 1.4 (B) and (D).

[1](#)1. (U) January 23, 2010; 1:45 p.m.; Baghdad, Iraq.

[1](#)2. (U) Participants:

U.S.

Vice President Biden
Ambassador Christopher Hill
General Raymond Odierno, Commander, USF-I
Antony Blinken, National Security Advisor, OVP
Jeffrey Feltman, Assistant Secretary of State for Near Eastern Affairs
Puneet Talwar, Senior Director, NSC
Gary Grappo, A/Deputy Chief of Mission, Embassy Baghdad
Patricia Haslach, Assistant COM for Assistance Transition, Embassy Baghdad
Colin Kahl, Deputy Assistant Secretary, DOD
John Desrocher, Economic Minister Counselor, Embassy Baghdad
Yuri Kim, A/Political Minister Counselor, Embassy Baghdad
Herro Mustafa, Special Advisor to the Vice President
Peter Vrooman, Iraq Director, NSC
Emma Sky, Advisor to General Odierno
Embassy Baghdad note taker

Iraqi

Mr. Rafa'e al-Issawi, Deputy Prime Minister
Dr. Rowsch Shaways, Deputy Prime Minister
Mr. Baqir Jabr al-Zubaidi, Minister of Finance
Mrs. Wijdan Salim, Minister of Human Rights
Mr. Hussein al-Shahristani, Minister of Oil

[1](#)3. (C) SUMMARY. During a 90-minute luncheon discussion, Iraqi Finance Minister Zubaidi told the Vice President the Council of Representatives (COR) would pass the 2010 government budget "within two weeks." Human Rights Minister Salim described progress in improving Iraq's human rights situation, but said the difficult security situation and a lack of funding for her Ministry meant it was "one and a half steps forward, one step backward." Deputy Prime Minister (DPM) Issawi said progress on the disputed internal boundaries and political reconciliation in areas such as Ninewa would have to wait until after the March election. DPM Shaways disagreed and argued that it was important to continue working on mechanisms to address these issues in order to send the message during the election period that Iraqi leaders and parties were prepared to agree on a framework for addressing these issues. According to Shaways, dialogue was underway now among political parties on these issues in advance of the post-election formation period, but it would take a new government to "encourage and direct" the parties in resolving the disputed internal boundaries (DIBs). Regarding the current de-Ba'athification controversy (ref A), Issawi said the best way to address it was to wait and

vet the winners after the election, rather than vet all the identified candidates now. Oil Minister Shahrستاني asked for U.S. Government assistance in removing existing Chapter VII sanctions, which the Vice President pledged to provide. END SUMMARY.

Passage of an Iraqi Budget Two Weeks Away

¶4. (C) The Vice President told his Iraqi guests that he was "getting mixed signals" on the likelihood of the COR passing the 2010 budget before the end of January. Implementing the loan agreements with the IMF and World Bank becomes "problematic" the longer passage of a budget is delayed, the Vice President pointed out. The USG is not prepared to step in with financial support should the pending budgetary support loan from the IMF and World Bank not be finalized, the Vice President emphasized several times to the Ministers (as the Prime Minister had suggested to the Vice President in an earlier meeting -- see septel). In response, Minister of Finance Zubaidi said he expects the COR will pass the budget in the "next two weeks" (Comment. The COR in fact passed the budget a week later. End comment). The GOI is keeping the IMF and World Bank informed on the status of the budget. Both institutions had wanted the Iraqi budget passed by January 20 so that the IMF board could consider the Stand-by Arrangement at its next board meeting, but that had not been possible, the Minister acknowledged. Zubaidi stressed that, although the Finance Ministry had shifted some funds between budget accounts in response to COR requests, the overall budget expenditure figure had not been raised.

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¶5. (C) Minister of Oil Shahrستاني added that although overall budget revenues and expenditure figures were unchanged from those originally submitted to the COR, the government's actual financial situation would be better than anticipated because the price of oil had risen above the projected price used in the original budget calculations, and oil export volumes were expected to exceed original projections as well. Shahrستاني added that he was "surprised" to hear that any Iraqi official thought the USG would provide a loan should negotiations with the IMF and World Bank prove unsuccessful.

Human Rights

¶6. (C) Minister of Human Rights Salim described how work on human rights issues is moving forward in "many areas," but continuing security fears and lack of stability affected how much progress can be achieved. "It is one and a half steps forward, and one step back," she told the Vice President. Salim was pleased at advances made with the Ministries of Interior and Defense on human rights issues (Comment. Probably a reference to a decision to transfer many detainees over to Ministry of Justice facilities. End comment). The Minister also told the Vice President that that government ministries in general now include human rights issues in their operational plans. It was a milestone as well that her Ministry was now publishing its own annual Human Rights Report on the Iraqi environment. But, Salim pointedly noted, "the bad thing is no one else in the government reads it." Establishing a Human Rights Commission, to complement the work of her Ministry, is important as well, she added, but "we are just at the start" of setting up a Commission. (Comment: Per ref B, work on establishing the Commission has actually stopped. End comment) More budgetary support is needed for the Human Rights Ministry to make additional progress, Salim added as she half-jokingly pointed at the Minister of Finance, who, in turn, said that the Human Rights Ministry will get an increase in funding under the then pending 2010 budget.

17. (C) DPM Issawi added that the COR's Human Rights Committee had an important role in improving the Iraqi human rights situation -- the Government "can't criticize itself," and it is important for the COR to play that role. DPM Shaways noted that a healthy civil society was important to protecting human rights. Salim thanked the USG, Embassy Baghdad, and USF-I for assisting the development of Iraqi civil society. She also thanked the USG for its financial support to the International Commission on Missing Persons, which has been helping the GOI with the grave site recovery of Kuwaiti bodies missing since the invasion of Kuwait.

DIBs: An Election Pause or Keep Working?

18. (C) At Ambassador Hill's request, DPM Issawi described his initiative to mediate tensions in Ninewa and broker an end to the (Kurdish) Ninewa Fraternal League's boycott of the (Sunni Arab) al-Hadba Gathering-led Provincial Council (ref C). Issawi said the reconciliation effort will be a focus "after the election," noting progress on ending the boycott stalled because the March election make it difficult for the parties to be seen compromising now, Issawi reported.

19. (C) The upcoming election makes discussions on the DIBs and related issues very difficult now, Issawi told the Vice President. As an example of the election's impact, Issawi described how Mosul's residents had initially welcomed the proposal for a Combined Security Architecture in the DIBs as Qproposal for a Combined Security Architecture in the DIBs as a way to improve security, but had since raised complaints that the plan is intended to divide the province as a result of election-related campaign rhetoric.

110. (C) The Vice President asked for an assessment of how the parties involved in these issues view the period of government formation that will follow the March elections -- would each side attempt to leverage their relative power in the government formation negotiations? The period immediately after the election is "a window for mischief," the Vice President noted, and he hoped all the players would bring a sense of urgency to creating a new government. In response, Issawi said the period before the election was not the time to address these issues, but he "would return to my Ninewa file" the day after the election.

111. (C) DPM Shaways disagreed, telling the Vice President that continued work on the DIBs will send the message during the election period that initiatives are underway and key parties still engaged. A resolution to all these issues will not be reached before a new government is formed, but the parties involved in these issues are the same ones that have

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been involved since 2003. All of them will have a role in the new government, so it is important the parties continue working on mechanisms and proposals that can be a basis for discussion once the new national government is formed. Shaways said dialogue is underway now between the key political parties on Arab-Kurd issues in advance of the government formation period. Shaways added that this dialogue was not, however, by itself enough and it would take the "encouragement and direction" of a new government to resolve Arab-Kurd issues. Shaways said he supported an accelerated government formation process.

112. (C) Shaways (a member of the Kurdistan Democratic Party) said the Kurds want DIBs issues decided on the basis of the Iraqi constitution's fundamental principles, "federalism, democracy, and consensus." Any solutions based on these principles can be a basis for agreement, but there are "dangerous" proposals being floated by some parties that are sowing animosity. Shaways cited the recent opposition to the Kurds' participation in Ninewa Provincial Council as an example of the kind of hostility some parties are "stirring up." Issawi responded that all the citizens of Ninewa want a

solution based on the constitution, but it is important not to define the constitution in terms of Article 140 alone. The inhabitants of Ninewa want to maintain momentum of current discussions, but believe a solution involves appropriate consideration of Article 142 as well.

Upcoming Election and De-Ba'athification

¶13. (C) Regarding the current dispute over the proposed banning of 500-odd candidates from the March election because of their alleged Ba'ath Party ties (ref A), the Vice President told the Ministers that he had not traveled to Iraq to press a particular solution, contrary to reports in the American and Iraqi media. Oil Minister Shahrستاني told the Vice President that the Iraqi Government and people were committed to building democracy, and free and fair elections are a "pillar of a new Iraq." Part of that commitment is respecting Iraqi laws and the constitution's provisions, even when the laws are ones the government disagrees with, Shahrستاني said. The government -- including Prime Minister Maliki, Shahrستاني claimed -- had only learned about the list of banned candidates from media reports and not been involved in its drafting. But now that the list has been submitted, the Iraqi Government was looking for "constitutional ways" to deal with the list; the Iraqi Government cannot "step over" its own laws. Shahrستاني said it was important for the Vice President to correct media reports that he had come to Iraq to "twist arms" over the issue. He urged the Vice President to make a statement while in Baghdad that the USG respects Iraqi law and wants to see free and fair elections carried out on the basis of Iraqi laws and constitution. The Vice President assured Shahrستاني that he would be making such a statement following his meeting with President Talabani, as well as delivering this message to the media.

¶14. (C) DPM Issawi told the Vice President that although "no one wants to defend Ba'athists," the right approach to addressing the problem was to vet the winning candidates after the election, rather than conducting a vetting process of all the candidates now. The Accountability and Justice Commission was legally established to take action, but there were too many troubling questions surrounding the Commission's list to justify using the list to bar candidates before the election. It was wrong, Issawi pointed out, that a current candidate in the election sat on the Commission and helped prepare the list.

Help with Chapter VII Sanctions

¶15. (C) Although there is public optimism about the impact increased oil revenues will have, Minister Shahrستاني said, there is also fear the Iraqi people will not fully benefit because of the continuing imposition of UN Chapter VII sanctions. The Vice President assured Shahrستاني that the USG is committed to seeing Chapter VII sanctions lifted and to working with the Iraqi Government to that end. The Vice President noted that he had been told during his earlier meetings with Iraqi officials that work on reaching a resolution to the package of Chapter VII issues (i.e., those related to Kuwait) would have to wait, however, until after the March election because of the sensitive compromises on boundary questions and other issues that would be required.

Iraq is Moving Forward

¶16. (C) Minister Shahrستاني ended the discussion by

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describing to the Vice President how Iraq had made significant progress since 2003, progress that, in Shahrستاني's view, justified the high costs in Iraqi and

American lives and treasure. The security situation had greatly improved, Iraqi security forces were more effective, and the U.S. and Iraqi governments had successfully fought the threat of international terrorism. What remains unfinished is the economic rebuilding of Iraq, which had been hampered because of the security situation. The Iraqi people are confident about the economic future, however, because they now see contracts signed to expand oil production and believe "there is more than good wishes and hopes" on which to build an economy. "We need to rebuild as fast as possible," in order to build on the security progress made. Echoing the Vice President's own earlier comments, Shahrستاني concluded that in ten years Iraq, economically strong from its oil revenues, could be a beacon of democracy and progress to its neighbors in the region.

¶17. (U) The Vice President's Office and NSC cleared this cable.
HILL